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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

SECURITIES AND EXCHANGE)	Civil Action No. C 07-3444 JF
COMMISSION,)	
)	
Plaintiff,)	PLAINTIFF SEC'S MOTION
)	TO DISBURSE FUNDS
)	TO PAY TAXES
vs.)	
)	
MARK LESLIE, et al.,)	
)	
Defendants.)	

Plaintiff, Securities and Exchange Commission ("SEC"), respectfully requests the Court to enter an order directing the Clerk of the Court to disburse funds on deposit with the registry of the Court to pay certain tax obligations of the fund under this Court's jurisdiction in this action.

On August 3, 2007, the Court entered final judgments against defendants Michael M. Cully and Douglas S. Newton pursuant to Rule 54(b) of the Federal Rules of Civil Procedure. To satisfy the final judgments, defendant Cully paid a total of \$216,470.67 of disgorgement, prejudgment interest and penalty and defendant Newton paid a total of \$62,263.36 of disgorgement, prejudgment interest and penalty to the Clerk of the Court. On August 12, 2008, the Court entered an order directing the Clerk of the Court to consolidate the money paid into a single account under the case name designation "SEC v. Mark Leslie, et al." The account is a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code, 26

PLAINTIFF SEC'S MOTION TO DISBURSE
FUNDS TO PAY TAXES
SEC v. MARK LESLIE, et al., No. C 07-3444 JF

1 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. QSFs are
2 required to pay federal taxes.

3 On October 26, 2007, the Court entered an order appointing Damasco & Associates
4 (“Damasco”) as tax administrator to fulfill the obligations of the QSF. The order requires
5 Damasco to pay taxes in a manner consistent with the treatment of the money as a QSF.
6

7 As set forth in the attached declaration of Jude P. Damasco, Damasco has determined that
8 the QSF owes \$300 in estimated tax liability for the third quarter of 2008. Because Damasco
9 advises that it needs to receive the check on or before September 5, 2008, the SEC respectfully
10 requests expedited consideration of this motion.
11

12 For the foregoing reasons, the SEC respectfully requests the Court to enter the attached
13 proposed order and grant such other relief as it deems just and proper.

14 Dated: September 1, 2008

15
16 Respectfully submitted,

17
18 /s/ Richard Hong
19 Richard Hong
20 Assistant Chief Litigation Counsel
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22 EXCHANGE COMMISSION
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CERTIFICATE OF SERVICE

Pursuant to 28 U.S.C. § 1746, I hereby certify that on this day, September 1, 2008, I electronically filed the foregoing motion and the attached proposed with the Clerk of the Court by using the ECF system and relied upon that system's automatic service of the foregoing document and the attached proposed order upon counsel, which will send notification of such filing to the ECF participants.

In addition, on this day, September 2, 2008, the undersigned caused a copy of the foregoing documents to be served by regular first class mail to the following:

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/s/ Richard Hong
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